

## Volunteer Quality Alert – 2007-02

2/12/07

*Volunteer Quality Alerts should be distributed to **all** volunteers preparing or reviewing tax returns.*

### Retirement Savings Contribution Credit

is a non-refundable credit.

**Enter (key) all the data exactly as it appears on the W-2! Attention Box 12 A-D.**

If preparing with **software**, key the code and the amount of retirement contributions made which are shown in Boxes 12 A-D on the W-2;

If preparing a **paper return**, you must manually calculate the Form 8880, Retirement Savings Contributions Credit.

### Guidelines for qualifying for the Retirement Savings Contributions Credit

Taxpayers may be eligible for the Retirement Savings Contributions Credit if they, or their spouse if filing jointly, made

- A. Contributions to a traditional or Roth IRA;
- B. Elective deferrals to a 401(k) or 403(b) plan (including designated Roth contributions) or to a governmental 457, SEP, or SIMPLE plan;
- C. Voluntary employee contributions to a qualified retirement plan (including the federal Thrift Savings Plan); or
- D. Contributions to a 501(c)(18)(D) plan.

### Taxpayers cannot take the credit if either of the following applies:

- 1) AGI (Line 38, Form 1040) is more than \$25,000 Single; \$37,500 if HOH; \$50,000 if MFJ.
- 2) The person(s) who made the qualified contribution or elective deferral
  - a) Was born after January 1, 1989,
  - b) Is claimed as a dependent on someone else's 2006 tax return, or
  - c) Was a student as defined below:

A person is considered a student if, during any part of 5 calendar months of 2006, they:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

#### **For more details, see Form 8880, or**

- Publication **4012**, Volunteer Resource Guide
- Publication **17**, Your Federal Income Tax or
- Call the VITA **Hotline** at 1-800-829-8482.

**Thank you for volunteering and dedicating your time and expertise to your community!**